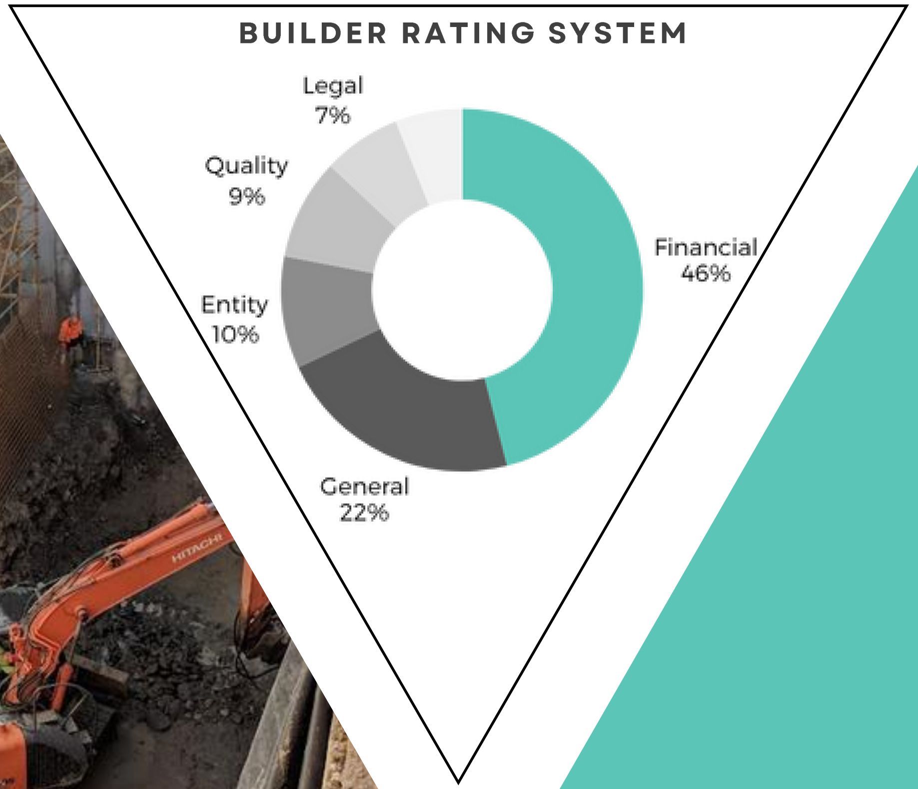
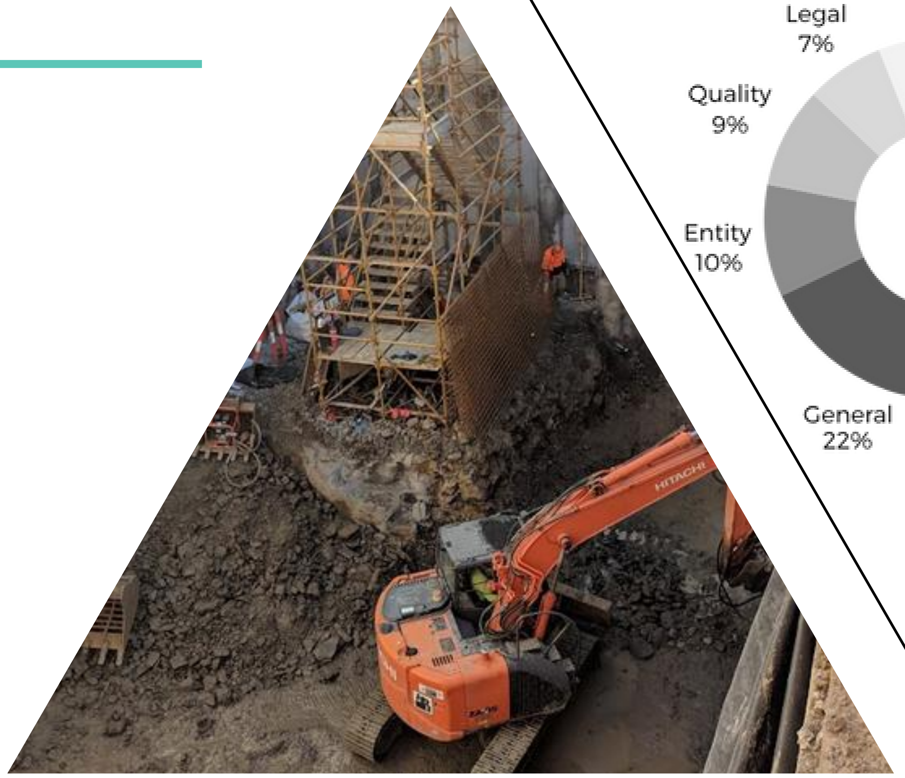
VETTEX

OVERVIEW





OUR WHY

Providing **unique insight** into a builder's ability to deliver.

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RECENT STATISTICS

Construction-industry insolvencies rose 21% in FY25

Insolvencies now sit at a record **3,595 - up from 2,977** the previous year.

Construction sector is the leading contributor (**jumped to 33%**).

Insolvencies at historic highs and we are seeing multiple builders collapsing mid-project.

Numerous developments have recently **gone on hold**.

Purchasers, Investors and Financiers are all at increased risk.

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WHAT WE DO

Our due diligence and monitoring services are purpose-built to:

- Detect warning signs early
- Mitigate risk
- Safeguard your investment

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OUR TEAM

Chris Coyle is the founder of **Vettex**, with extensive experience in the property sector, spanning both construction and development.

He has successfully managed a diverse range of projects, from small-scale projects to large, complex developments. This breadth of experience gives Chris a unique perspective on builder due diligence.

Passionate about driving improvements in the construction and development industries, Chris focuses on continuous progress and effective problem-solving to deliver high-quality, unique insight on every project.

Garth O'Connor-Price is a partner in the **William Buck** Melbourne Restructuring & Insolvency team and brings extensive mid-market experience to the team.

He is known for his ability to quickly build rapport with the clients he works with, often juggling multiple jobs with equal attention to ensure he surpasses his clients' expectations.

Driven by his passion for analytics and working through in depth financial reporting, Garth's clients appreciate his attention to detail and ability to see every aspect of their business.

Alan Chiang is a partner in **HWL Ebsworth** and acts on all aspects of both small and large scale projects.

Alan has broad experience in D&C projects, understanding the key issues of design risk, design intent and appropriate risk allocation for a successful project.

Alan's ability to manage and lead the successful implementation of projects is not limited to 'front-end' construction. His skills and experience extend to advice work post completion, claims strategy and dispute work where he has practiced across all Victorian Courts and Tribunals.

Brad Mitchell, the founder and CEO of **Pursuit of Zero**, is affectionately known as the 'fun guy' who is deeply passionate about safety. Despite his relative youth, he offers a motivated and fresh perspective, approaching challenges with a modern touch while maintaining a reliable, thoughtful, and down-to-earth demeanour.

At the core of Pursuit of Zero are care and experience. Our business and our approach to workplace safety reflect the values of Brad Mitchell and with his extensive experience in high-risk workplaces, Brad leads with both heart and passi

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KEY METRICS

FINANCIAL

A deep forensic analysis into the companies current and historic financial performance.

This review includes comparisons against 3rd party information to verify accuracy.

GENERAL

Review of the contractors capability and capacity to deliver it's current commitments and upcoming projects.

We dig deeply into all aspects of the builders systems, operation and processes.

ENTITY

This is an overview of the fundamental legal framework within which the entity operates.

QUALITY

Physical inspections of sites to understand if they are delivering Quality buildings.

Analysis of their historic performance by speaking with Clients and Subcontractors.

LEGAL

A legal review of all current and historic legal matters.

SAFETY & I.R.

Inspections of sites to understand if they are delivering on their Safety Plans.

Analysis of their historic performance via data collection and key reference points.

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EXECUTIVE SUMMARY

BUILDER LICENCE & REGISTRATION	✓	EXPERIENCE CHECK	✓	CURRENT PROJECT FINANCIAL CHECK	✓	OVERHEADS ON REVENUE CHECK	✓
ENTITY CHECK	✓	CAPACITY CHECK	✓	CURRENT PROJECT PROGRAM CHECK	✓	GROSS PROFIT & NPBT MARGIN CHECK	✓
INSURANCE CHECK	?	CLIENT CHECK	✓	NET TANGIBLE ASSETS CHECK	✓	DEBT TO EQUITY CHECK	✓
LITIGATION CHECK	🚩	SUBCONTRACTOR CHECK	✓	WORKING CAPITAL CHECK	✓	SAFETY / INDUSTRIAL RELATIONS CHECK	✓
PHOENIXING CHECK	✓	LEADERSHIP TEAM CHECK	✓	BANK GUARANTEE CAPACITY	?	QUALITY CHECK	?

✓ LOW RISK ? MEDIUM RISK 🚩 HIGH RISK

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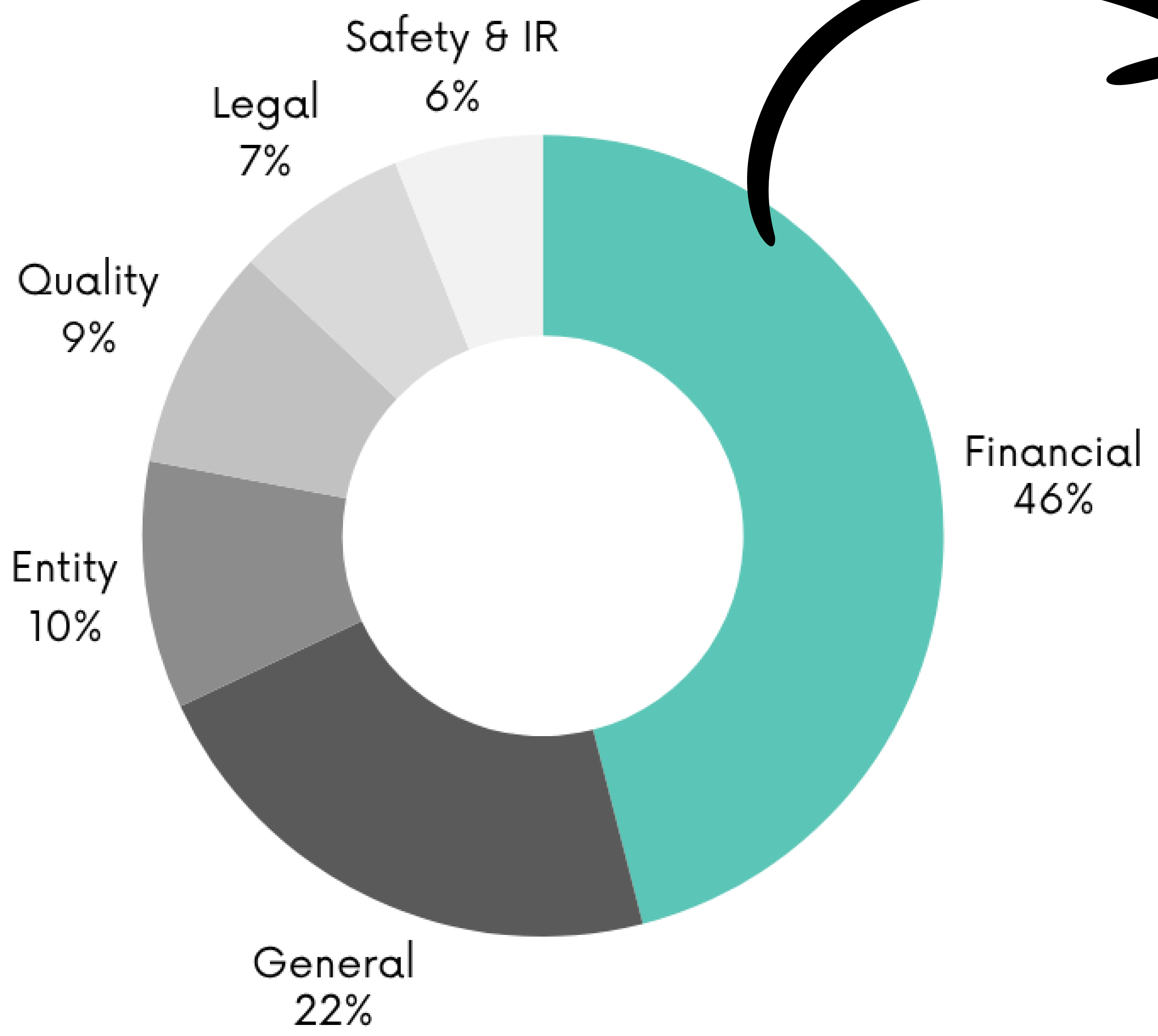
WEIGHTED RATING SYSTEM



RATING SYSTEM WEIGHTING

FINANCIAL AUDIT METRICS	WEIGHTED VALUE	RESULT	TOTAL SCORE
Revenue / EBITDA Rating	8	73%	5.8
Gross Margin Rating	8	82%	6.6
Cash to Revenue Rating	8	83%	6.6
Net Working Capital to Revenue Rating	8	89%	7.1
Revenue Growth Rating	3	86%	2.6
Revenue to Overheads Rating	3	81%	2.4
ATO Status Rating	2	100%	2.0
Bank Guarantee Capacity	3	40%	1.2
Cashflow Forecast Rating	3	55%	1.7
	46 points avail.		**36.0 score**

FINANCIAL WEIGHTING & SCORE (EXAMPLE)

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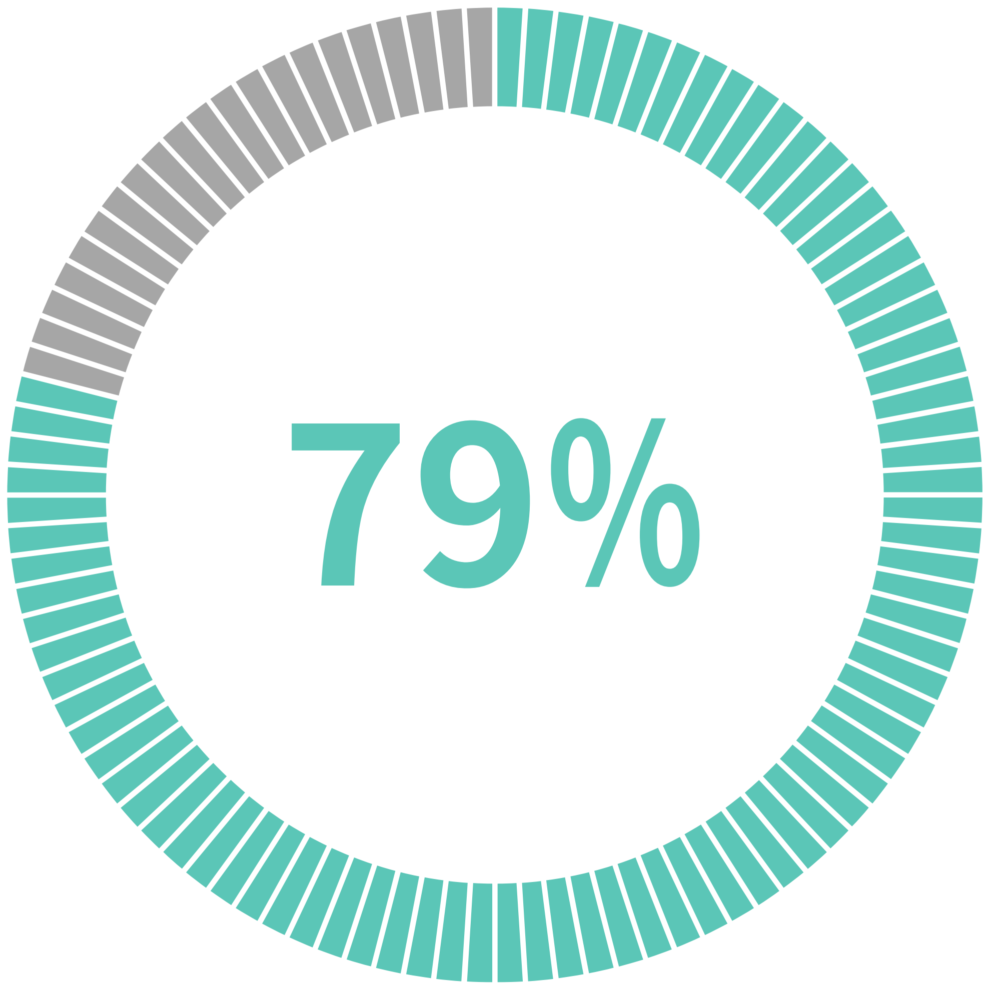
WEIGHTED RATING SYSTEM

	WEIGHTED VALUE	TOTAL SCORE
FINANICAL	46	36.0
GENERAL	22	16.9
ENTITY	10	9.8
QUALITY	9	6.5
LEGAL	7	5.2
SAFETY & I.R.	6	4.6
	100 points avail.	79.0 point out of 100



BUILDER RATING

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EXECUTIVE SUMMARY

RECOMMENDATIONS

> **Public Liability Insurance** has recently expired, and new certificates will be issued once they are available and checked.

> **Litigation** currently outstanding. Further clarity should be provided before engaging them.

> **Retention** to be considered as the Builder has insufficient capacity within their existing facilities to provide Bank Guarantees. Cash Retention will be necessary until the Bank Guarantee value is reached.

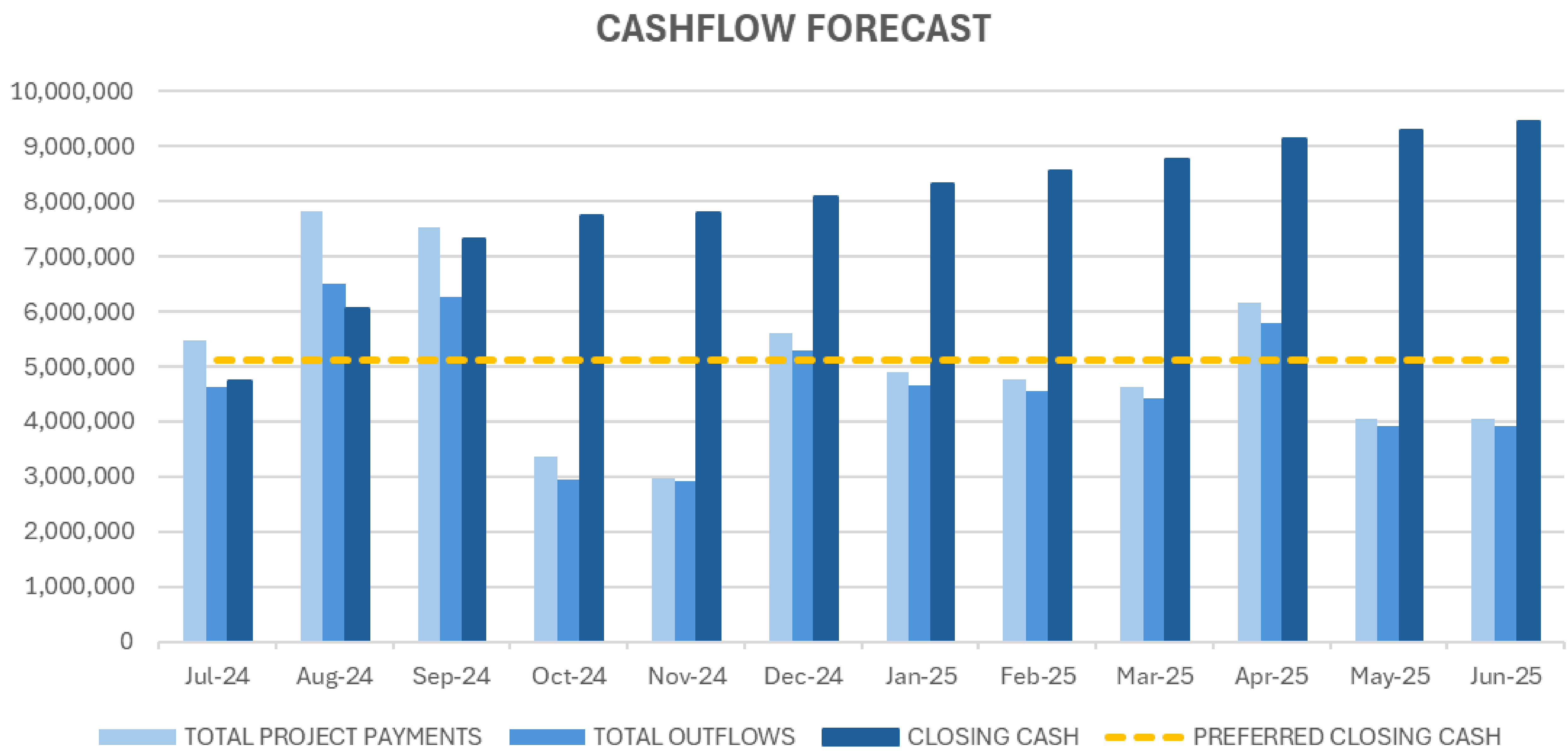
> **Quality** There are a series of non-compliant fire separation methodologies used in party walls. The Building Surveyor has not completed the necessary inspections prior to closing up of walls. We recommend the builder should warned on these items and be closely monitored during this stage.

RISK ASSESSMENT RATING

FINANCIAL REVIEW

NET CASH MARGIN
The net cash margin stands at S950,000 or 0.8%, higher than the NPBT of 0.3% in FY22 and 0.1% in FY23.

OPENING CASH
Opening cash was S4.8 million as of July 1, 2024, while the closing bank balance is reported as S5.4 million. Monthly closing cash balances are consistently below our preferred level. Based on the 12-month project cash inflows of S124.2 million, we recommend maintaining cash reserves equivalent to one month's inflow, approximately S10.4 million.



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GENERAL

Discretionary Spending

Reduced investment in non-core business activities can be a **lead indicator** of financial stress.

> **Training:** Increasing staff skills leads to better employee engagement.

> **Team Events:** culture and energy within an builder is critical to cohesion.

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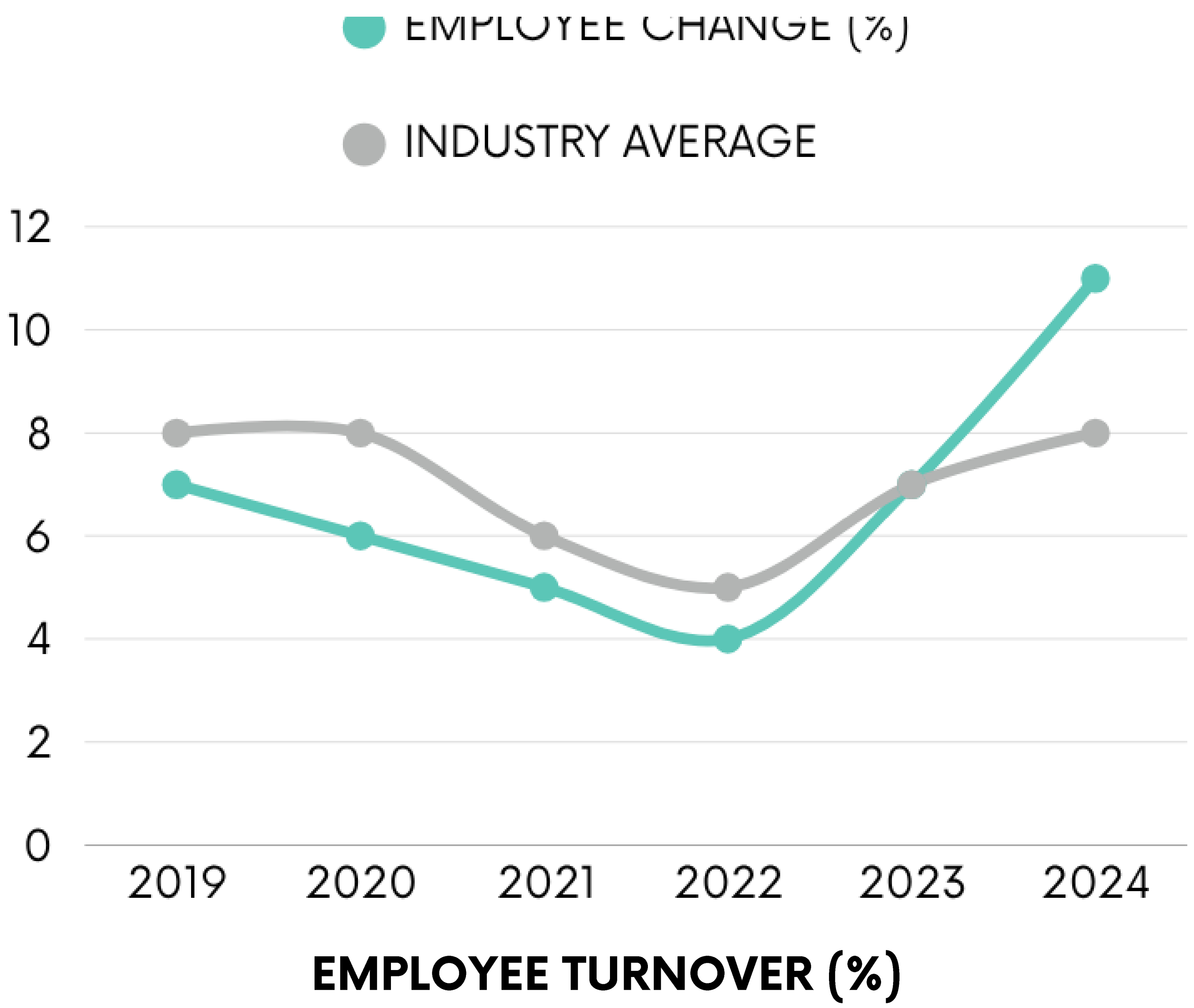
GENERAL



Staff Turnover

Significant increases to staff turnover is **key indicator** of cultural issues.

We get a builders historic **retention rates** and cross check against publicly available sources.

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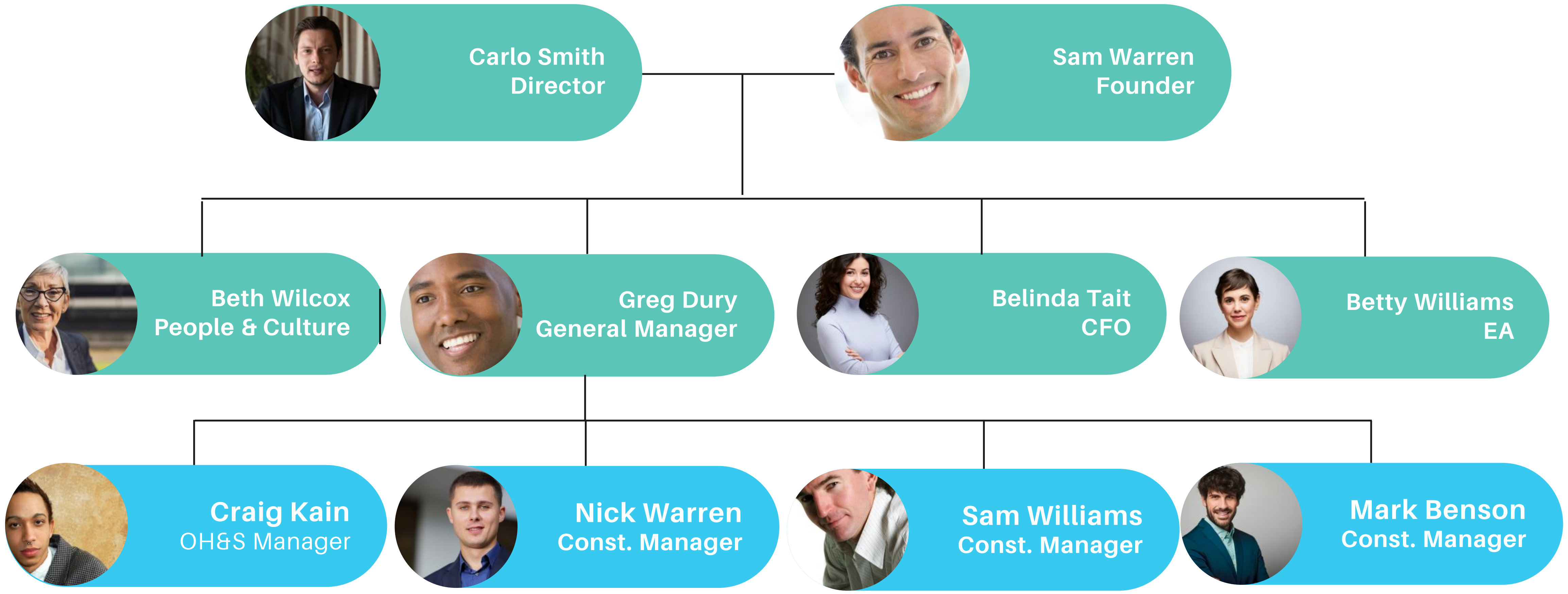
GENERAL

Management Team & Structure

Leadership & **Governance** is critical for a builders long term success.

Lack of experience of structure can result in **false reporting** and increased exposure to catastrophic failures.



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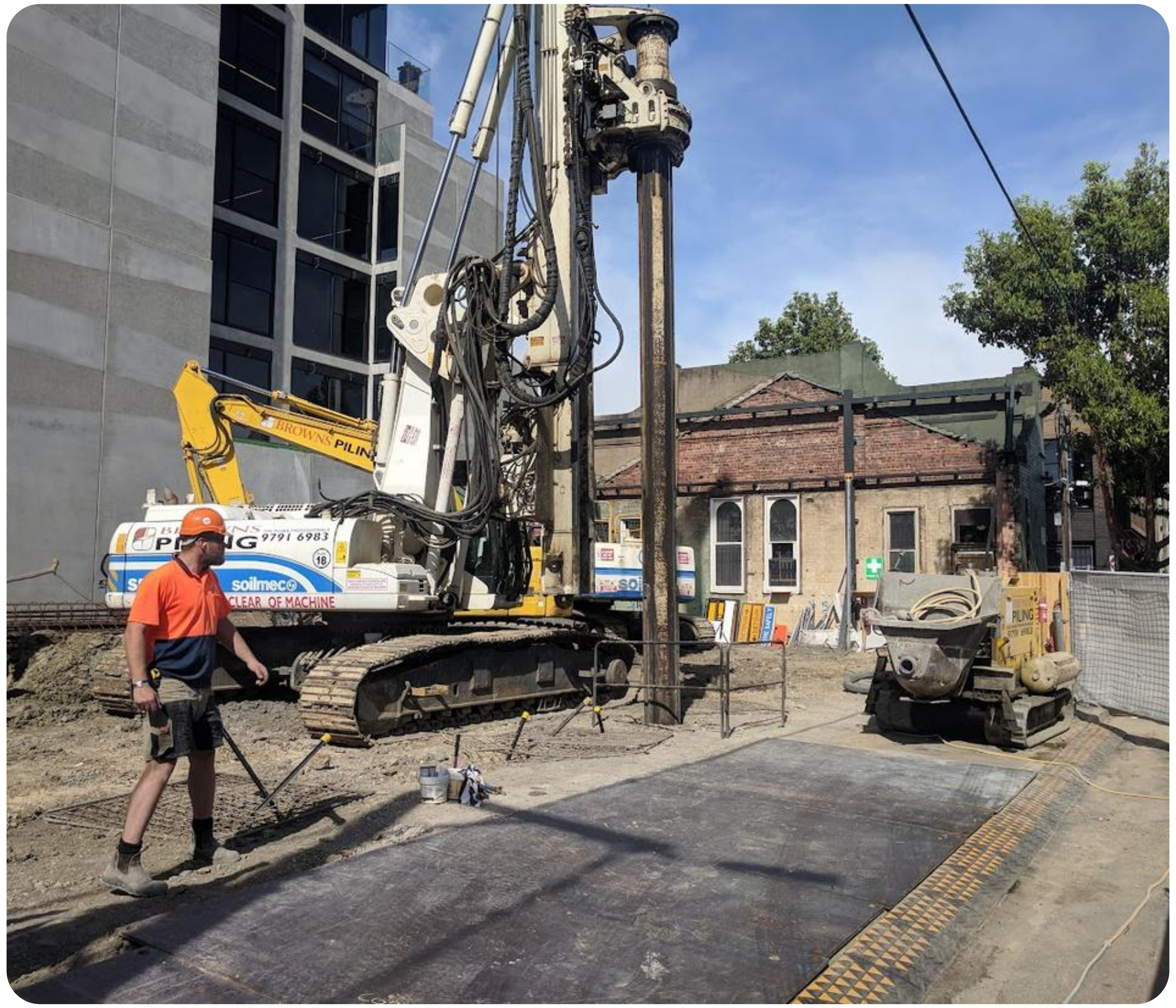
QUALITY

- **Clean sites** leads to
- **Safer sites** leads to
- **More productive sites** leads to
- **High Quality buildings** leads to
- **Projects delivered on time.**



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QUALITY

Item No	Location	Description	Photograph	Rating	Builder Response
1	Building A -front door	Substrate is not suitable for waterproofing application. Concrete level is also set too high. The relevant consultants are required to provide a compliant methodology of rectification and a final sign off.	 		
2	Building B – Fire stair core Level 4	Confirm if the area is a fire compartment. The relevant consultant is required to provide a compliant methodology of rectification and a final sign off if confirmed to be a fire compartment.	   		
3	Building B – Fire stair core Level 5	Confirm the compliance of the penetration with documentation. The relevant consultant is required to provide a compliant methodology of rectification and a final sign off.	  		

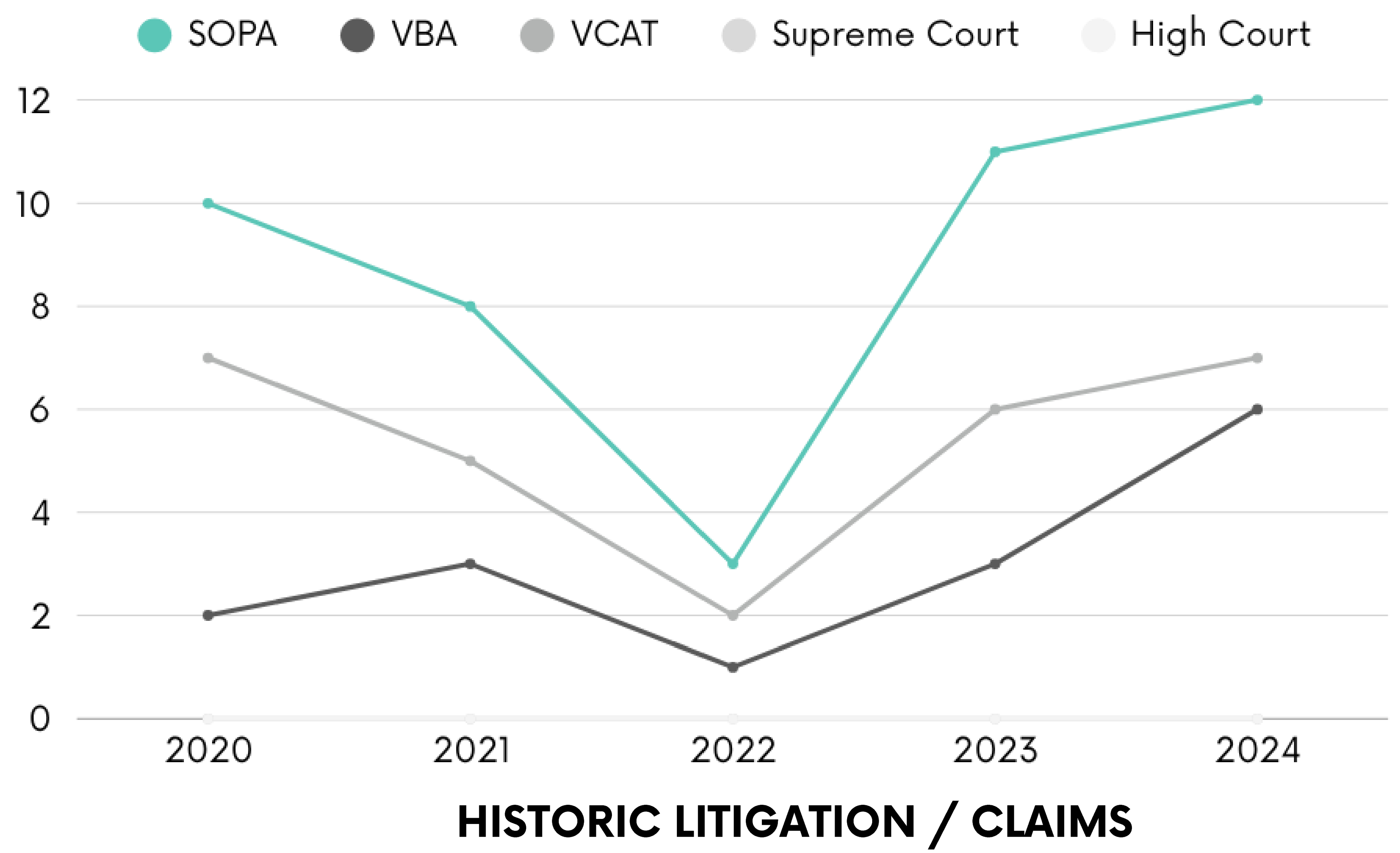
ABOVE: example of a site inspection report.

LEGAL

Litigation is a **major distraction** which can lead to **lack of focus on core business.**

We complete searches for legal action across all courts.

Client driven legal action is often a lead indicator of **poor quality and compliance** outcomes.



SAFETY & INDUSTRIAL RELATIONS

Builders are increasing their compliance to ensure they can **secure upcoming work**.

We complete standard reviews of Lost Time Injury Frequency Rate (LTIFR) against industry benchmarks, however we also review a builders **Safety Management Plan** and also **inspect sites to ensure it is being implemented**.

Safety issues commonly lead to builders becoming the **target for union attention**.

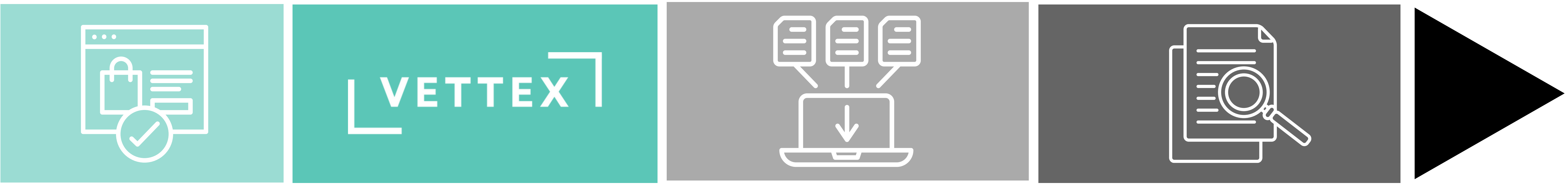
THE PROCESS

01 REVIEW REQUEST

VETTEX are engaged to review a particular builder.

03 INFORMATION COLLECTION

We streamline the collection process via the VETTEX website. We securely store the data via Jotform.



02 BUILDER RFI

VETTEX provide a Request For Information to the builder along with checklist for all information required.

04 INFORMATION PROCESSING

The information is automatically processed & distributed to relevant parties for review.

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OUR CLIENTS

FINANCIERS

DEVELOPERS

DOMESTIC

AUTHORITIES

VETTEX

THANK-YOU

Contact us

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